

Department of Commerce

Analyst: Bybee

Historical Summary

OPERATING BUDGET	FY 2008 Total App	FY 2008 Actual	FY 2009 Approp	FY 2010 Request	FY 2010 Gov Rec
BY PROGRAM					
Commerce	56,135,100	26,649,000	35,381,100	35,982,000	30,984,800
Idaho Rural Partnership	293,900	178,100	0	0	0
Total:	56,429,000	26,827,100	35,381,100	35,982,000	30,984,800
BY FUND CATEGORY					
General	9,406,800	9,406,200	9,199,200	9,873,500	5,443,300
Dedicated	30,606,000	9,601,900	9,799,200	9,697,400	9,154,200
Federal	16,416,200	7,819,000	16,382,700	16,411,100	16,387,300
Total:	56,429,000	26,827,100	35,381,100	35,982,000	30,984,800
Percent Change:		(52.5%)	31.9%	1.7%	(12.4%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	3,735,800	3,276,800	3,812,600	3,958,000	3,754,000
Operating Expenditures	5,605,500	4,942,800	6,006,900	7,145,600	6,669,500
Capital Outlay	113,000	132,700	35,600	58,300	5,600
Trustee/Benefit	31,974,700	3,474,800	25,526,000	24,820,100	20,555,700
Lump Sum	15,000,000	15,000,000	0	0	0
Total:	56,429,000	26,827,100	35,381,100	35,982,000	30,984,800
Full-Time Positions (FTP)	57.00	57.00	56.00	56.00	56.00

Department Description

The Idaho Department of Commerce works to create jobs and advance the well-being and prosperity of Idaho citizens, upgrade public facilities necessary for economic growth and promote Idaho's products, people and places. Committed to ensuring access to a comprehensive menu of quality services and information for all its customers and partners, the agency offers many economic development programs to the citizens of the state.

Commercial Innovation supports technology-based economic development and helps entrepreneurs create new businesses and job opportunities across the industry sector.

Community and Rural Development provides financial and technical assistance to cities and counties to help support economic diversification, job creation, business expansion and a sense of community.

Business Location provides consultative services to companies with expressed interest in relocating or expanding their business to Idaho thus increasing diverse investment and enhancing the quality of employment for the state.

Business Development Services helps existing Idaho businesses start up, expand and find new markets.

International Trade helps Idaho's businesses export goods and services, develop new markets and increase foreign awareness and acceptance of Idaho's products and services.

Tourism Development works to expand Idaho's tourism and recreation industry by marketing the state's travel opportunities domestically and internationally through a variety of means.

The Idaho Film Office promotes all types of media productions and media workforce development in the state of Idaho.

Marketing, Communication and Research works to raise awareness of Idaho's attributes globally, nationally and locally, and compiles data, trends, statistics and metrics to make informed decisions.

Administration assists the department and its operational divisions in meeting their overall mission and goals by providing key fiscal, human resource and administrative services.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2009 Original Appropriation	56.00	9,199,200	35,381,100	56.00	9,199,200	35,381,100
Omnibus Rescission	0.00	0	0	0.00	(306,200)	(306,200)
Health Insurance Reduction	0.00	0	0	0.00	(18,300)	(28,000)
FY 2009 Total Appropriation	56.00	9,199,200	35,381,100	56.00	8,874,700	35,046,900
Removal of One-Time Expenditures	0.00	(1,544,200)	(2,560,500)	0.00	(1,544,200)	(2,560,500)
Additional Base Adjustment	0.00	0	0	0.00	(2,625,300)	(2,625,300)
FY 2010 Base	56.00	7,655,000	32,820,600	56.00	4,705,200	29,861,100
Benefit Costs	0.00	30,900	47,400	0.00	12,600	19,400
Inflationary Adjustments	0.00	41,600	288,300	0.00	0	114,100
Replacement Items	0.00	73,100	80,600	0.00	0	7,500
Statewide Cost Allocation	0.00	8,100	12,700	0.00	8,100	12,700
Change in Employee Compensation	0.00	64,800	98,000	0.00	0	0
FY 2010 Program Maintenance	56.00	7,873,500	33,347,600	56.00	4,725,900	30,014,800
1. Project 60	0.00	950,000	950,000	0.00	717,400	850,000
2. Business and Jobs Development	0.00	800,000	920,000	0.00	0	120,000
3. Small Business Assistance Grants	0.00	100,000	100,000	0.00	0	0
4. Idaho TechConnect Program	0.00	150,000	150,000	0.00	0	0
5. Film and TV Production Rebate	0.00	500,000	1,014,400	0.00	0	0
Cash Transfers	0.00	(500,000)	(500,000)	0.00	0	0
Lump Sum or Other Adjustments	0.00	0	0	0.00	0	0
FY 2010 Total	56.00	9,873,500	35,982,000	56.00	5,443,300	30,984,800
Change from Original Appropriation	0.00	674,300	600,900	0.00	(3,755,900)	(4,396,300)
% Change from Original Appropriation		7.3%	1.7%		(40.8%)	(12.4%)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2009 Original Appropriation	56.00	9,199,200	9,799,200	16,382,700	35,381,100
Omnibus Rescission					
Agency Request	0.00	0	0	0	0
<i>General Fund holdbacks, as directed by Executive Orders 2008-3, and 2008-5, are incorporated as a rescission that reduces the General Fund by 4% for FY 2009.</i>					
Governor's Recommendation	0.00	(306,200)	0	0	(306,200)
Health Insurance Reduction					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends reducing the funding for health insurance by \$500 per FTP, using reserves to offset the increased costs of health insurance for the state for FY 2009 and FY 2010.</i>					
Governor's Recommendation	0.00	(18,300)	(5,700)	(4,000)	(28,000)
FY 2009 Total Appropriation					
Agency Request	56.00	9,199,200	9,799,200	16,382,700	35,381,100
Governor's Recommendation	56.00	8,874,700	9,793,500	16,378,700	35,046,900
Removal of One-Time Expenditures					
Agency Request	0.00	(1,544,200)	(1,013,500)	(2,800)	(2,560,500)
Governor's Recommendation	0.00	(1,544,200)	(1,013,500)	(2,800)	(2,560,500)
Additional Base Adjustment					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends an ongoing base reduction to balance the state budget. This represents an additional 34.3% reduction for the Department of Commerce bringing the total Base 38.5% below the ongoing FY 2009 General Fund Original Appropriation. This ongoing base reduction includes \$2,500,000 from trustee & benefit payments, \$75,300 from operating expenditures and \$50,000 from personnel costs.</i>					
Governor's Recommendation	0.00	(2,625,300)	0	0	(2,625,300)
FY 2010 Base					
Agency Request	56.00	7,655,000	8,785,700	16,379,900	32,820,600
Governor's Recommendation	56.00	4,705,200	8,780,000	16,375,900	29,861,100
Benefit Costs					
<i>Provides \$900 per position, which equates to a 10.4% increase for employer-paid health insurance. Also, includes a 19% reduction in life and disability insurance rates from 1.1% to 0.9% of salary for eligible employees.</i>					
Agency Request	0.00	30,900	9,700	6,800	47,400
<i>The Governor recommends providing an increase of \$400 per FTP and making changes to the health insurance benefits contract to meet expected costs. Including the rescission to reduce health insurance benefit costs in FY 2009 by \$500 per FTP, employer costs per FTP for FY 2010 will be \$8,600.</i>					
Governor's Recommendation	0.00	12,600	4,000	2,800	19,400
Inflationary Adjustments					
<i>Inflationary increases are calculated using the ongoing base for operating expenditures and trustee & benefit payments multiplied by an agency-specific inflation factor. The inflationary adjustment reflects a 2.9% increase in the General Fund and a 1.0% increase in total funds. The requested amount includes \$288,300 for general inflation.</i>					
Agency Request	0.00	41,600	239,800	6,900	288,300
<i>The Governor recommends providing spending authority for lease cost increases in dedicated funding.</i>					
Governor's Recommendation	0.00	0	109,700	4,400	114,100
Replacement Items					
<i>Includes 19 laptops for \$26,600; three printers for \$14,300; two servers for \$7,400; 50 chairs for \$10,000; Adobe Suite user licenses for \$4,500; Microsoft user licenses for \$16,500; and antivirus software for \$1,300.</i>					
Agency Request	0.00	73,100	4,700	2,800	80,600
<i>This Governor recommends providing dedicated spending authority for two servers, \$7,400, and virus protection software, \$100.</i>					
Governor's Recommendation	0.00	0	4,700	2,800	7,500

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Statewide Cost Allocation					
The request includes adjustments to recover the costs of services provided to state agencies: \$5,200 for Attorney General fees; a reduction of \$200 for property and casualty insurance premiums; \$6,100 for State Controller fees; \$1,600 for State Treasurer fees.					
Agency Request	0.00	8,100	3,200	1,400	12,700
Governor's Recommendation	0.00	8,100	3,200	1,400	12,700

Change in Employee Compensation

Agencies were instructed to calculate a 3% salary increase in the appropriation request.

Agency Request	0.00	64,800	19,900	13,300	98,000
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While increasing salaries of state workers continues to be a priority for the Governor, the current economic situation does not provide the funds to recommend an increase in FY 2010. When economic conditions improve, the Governor will once again seek to improve compensation for all state employees.

Governor's Recommendation	0.00	0	0	0	0
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FY 2010 Program Maintenance

Agency Request	56.00	7,873,500	9,063,000	16,411,100	33,347,600
Governor's Recommendation	56.00	4,725,900	8,901,600	16,387,300	30,014,800

1. Project 60

Project 60 is Governor Otter's comprehensive initiative to grow Idaho's Gross Domestic Product from \$51 billion to \$60 billion which is an 18% increase. The Department of Commerce requests \$950,000 ongoing General Fund moneys to help grow Idaho's economy. The \$950,000 will be used to enhance each program and will include marketing moneys for web site upgrades, public relations campaigns, brochures, advertising, investment missions, media blitzes and trade shows. As the program stands now, 69% of the \$950,000 will be allocated toward foreign direct investment recruitment, with 11% for systemic growth programs and 20% for domestic recruitment.

Project 60 is designed in three tiers to strengthen both rural and urban communities, the plan will create quality jobs for all Idahoans by fostering systemic growth, recruiting new companies to Idaho, and selling Idaho's trade and investment opportunities to the world. The first priority involves making Idaho's business climate more attractive by taking care of existing workers, cultivating a highly skilled workforce, establishing a method to get research being done at Idaho research institutions to the consumer market, and improving the transportation and information infrastructure. Accomplishing these goals will make domestic and international recruitment of investment easier. Domestically, Commerce will build on recent recruitment successes, specifically targeting firms that will work well with Idaho's traditional industries. Commerce will increase efforts to reach internationally, not only selling Idaho's products to the world, but also selling Idaho itself as a great place for foreign sources of capital to invest their dollars. Systemic growth programs include attracting and growing a highly skilled innovation workforce and establishing a centralized tech-transfer & commercialization function, to get research from Idaho universities, the national lab, and new and orphaned technology from commercial enterprises, to the market place. Domestically, Commerce will expand global market reach of Idaho companies through the Idaho International Trade offices, trade missions, and hosting of inward buying delegations, expand the Top-To-Top business attraction strategy, recruiting a network of Idaho executives to engage their peers nationwide encouraging them to move their companies to Idaho, and target business that will be synergistic with existing industry clusters. Commerce plans to market Idaho for potential foreign direct investment (FDI) by targeting specific markets like Canada, Southeast Asia, and Europe. Currently, Commerce is establishing an Idaho EB-5 Immigrant Investor Program to encourage FDI and is working to combine the Regional Center with a technology transfer protocol. Idaho's exports in 2007 was a record \$4.7 billion.

Agency Request	0.00	950,000	0	0	950,000
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The Governor recommends a portion of the funding requested for project 60. General Funds are recommended as one-time while the dedicated fund portion is ongoing.

Governor's Recommendation	0.00	717,400	132,600	0	850,000
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
2. Business and Jobs Development					
The Business and Jobs Development program was created in the 2006 session of the Idaho Legislature. These funds are available at the discretion of the Director of Idaho Commerce, to offset public costs associated with the recruitment of companies to Idaho. As promulgated by rule, these moneys have been used for public infrastructure projects for cities and counties. To date, the department has received an appropriation of \$2,503,200 for the Business and Jobs Development Fund. Commerce is requesting \$800,000 ongoing General Fund moneys and \$120,000 one-time dedicated funding for a total of \$920,000 for fiscal year 2010. The \$120,000 one-time moneys is from interest earned on the original appropriation to the Business and Jobs Development Fund. If appropriated, these moneys will stay General Fund to avoid asking for spending authority on the interest earned every year.					
Agency Request	0.00	800,000	120,000	0	920,000
<i>The Governor recommends one-time spending authority from interest generated in FY 2009.</i>					
Governor's Recommendation	0.00	0	120,000	0	120,000
3. Small Business Assistance Grants					
The Department of Commerce requests \$100,000 (General Fund, ongoing) to provide Idaho high-tech small businesses with financial assistance grants of up to \$10,000 for use in the development and submission of federal funding proposals. Funding will help expand this program as there is an existing full-time position responsible for staffing the Idaho Small Business Innovative Research program (SBIR) and the Small Business Technology Transfer (STTR). In FY 2009 the Legislature approved a one-time \$150,000 renewal of the Small Business Assistance Grants program.					
Agency Request	0.00	100,000	0	0	100,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
4. Idaho TechConnect Program					
The Department of Commerce requests \$150,000 (General Fund, ongoing) to support the continuation of the Idaho TechConnect program to provide technical support for technology related small businesses. TechConnect offers start-up and growth assistance to the innovation entrepreneurship community in the form of tech-transfer, commercialization, and investment for capital market preparedness training. Previously, the department received \$300,000 in one-time funding from the Economic Recovery Fund, and was supplemented by Idaho Commerce and Labor with \$150,000 for fiscal year 2007 and 2008. The Legislature appropriated \$150,000 one-time funding for fiscal year 2009. This request is for a continuation of that funding level. Funding will be utilized for general operating expenses.					
Agency Request	0.00	150,000	0	0	150,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
5. Film and TV Production Rebate					
The Department of Commerce requests \$500,000 one-time General Funds to be appropriated and transferred to the Film and TV Production Rebate Fund. The Film and Television Business Incentive Rebate program was established in the 2008 legislative session with House Bill 592. This funding gives film and television businesses the ability to apply for a 20% rebate on specific Idaho expenditures if at least \$200,000 is spent in Idaho and when the production hires Idaho crew members. Moneys will be used to entice film and television production businesses to film in Idaho. This request includes spending authority for the interest earned on the initial investment for one year.					
Agency Request	0.00	500,000	514,400	0	1,014,400
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
Cash Transfers					
Removes General Fund spending authority because General Funds are transferred to the Film and Television Production Rebate Fund.					
Agency Request	0.00	(500,000)	0	0	(500,000)
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Lump Sum or Other Adjustments					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends an appropriation that is not subject to state budget laws that restrict the transfer of money between personnel costs, operating expenditures, capital outlay, or trustee & benefit payments for the duration of the economic downturn. Lump sum authority requires legislative approval.</i>					
Governor's Recommendation	0.00	0	0	0	0
FY 2010 Total					
Agency Request	56.00	9,873,500	9,697,400	16,411,100	35,982,000
Governor's Recommendation	56.00	5,443,300	9,154,200	16,387,300	30,984,800
Agency Request					
Change from Original App	0.00	674,300	(101,800)	28,400	600,900
% Change from Original App	0.0%	7.3%	(1.0%)	0.2%	1.7%
Governor's Recommendation					
Change from Original App	0.00	(3,755,900)	(645,000)	4,600	(4,396,300)
% Change from Original App	0.0%	(40.8%)	(6.6%)	0.0%	(12.4%)